

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
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)	
2000 Annual Access Tariff Filings)	CC Docket No. 00-122
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)	

MEMORANDUM OPINION AND ORDER AND ORDER ON RECONSIDERATION

Adopted: July 28, 2000

Released: July 28, 2000

By the Acting Chief, Competitive Pricing Division:

I. INTRODUCTION

1. On June 30, 2000, the Common Carrier Bureau (Bureau) suspended for one day and set for investigation the price cap local exchange carriers' (LECs) 2000 Annual Access Tariffs¹ in the following areas: 1) the rates for the traffic sensitive and trunking baskets, elements of which comprise the average traffic sensitive (ATS) rates, of all the price cap LECs; 2) the rates for the common line, marketing, and certain residual interconnection charges (CMT) baskets of Ameritech, Citizens, GSTC, GTOC, and Southwestern Bell; 3) the rates for the special access baskets of all the price cap LECs except Aliant, Cincinnati Bell, Citizens, Frontier of Minnesota and Iowa, and Sprint; and 4) the universal service fund (USF) rates of Nevada Bell, Pacific, and Southwestern Bell.²

2. In particular, the Bureau questioned: 1) whether most price cap LECs had improperly removed USF recovery from ATS rates; 2) whether Ameritech, Bell South, GSTC, GTOC, Pacific, and Southwestern Bell had improperly counted voluntary ATS reductions, low-end adjustment reversals, sharing true-ups, and/or sales of exchanges toward the \$2.1 billion target for ATS reductions; 3) whether GSTC, GTOC, and all the regional Bell Operating Companies (RBOCs) except Bell Atlantic had improperly included SNET revenues in the special access basket but excluded such revenues from the overall ATS calculation; and 4) whether Citizens had failed to make the proper 'R' value adjustment when removing USF exogenous cost amounts.³ In addition, we found that the USF charges of Nevada Bell, Pacific, and Southwestern Bell appeared to be significantly higher than what would be necessary to recover the companies' universal service contributions associated with switched access services, and that

¹ Appendix A lists the price cap LECs filing tariffs and their respective tariff transmittal numbers, and identifies the abbreviated names used for the price cap LECs. Appendix B lists the petitions and replies to the tariff filings, and identifies the abbreviated names used for the petitioners.

² *2000 Annual Access Tariff Filings*, CC Docket No. 00-122, Memorandum Opinion and Order, DA 00-1487 (Comp. Pric. Div., rel. Jun. 30, 2000) (*2000 Annual Access Tariff Suspension Order*).

³ *2000 Annual Access Tariff Suspension Order* at ¶ 4.

they therefore raised a substantial question of lawfulness that warranted investigation.⁴ Finally, the Bureau suspended the ATS rates of all price cap LECs because, under section 61.48(l) of the Commission's rules,⁵ the amount of each price cap LEC's reduction is affected by the amount of reduction taken by the other price cap LECs.⁶ Thus, if any price cap LEC's ATS rates would need to be recalculated in this investigation, they would all need to be recalculated.

3. In this Order, on our own motion, we reconsider our decision in the *2000 Annual Access Tariff Suspension Order*.

II. DISCUSSION

4. Pursuant to Sections 0.91, 0.291, and 1.108 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.108, we reconsider on our own motion our decision in the *2000 Annual Access Tariff Suspension Order* to suspend and investigate: 1) the rates for the traffic sensitive and trunking baskets of all price cap LECs; 2) the rates for the CMT basket filed by Ameritech, Citizens, GSTC, GTOC, and Southwestern Bell; and 3) the rates for the special access baskets filed by all the price cap LECs except Aliant, Cincinnati Bell, Citizens, Frontier of Minnesota and Iowa, and Sprint.⁷ On July 27, 2000, the price cap LECs filed revisions to their 2000 Annual Access Tariffs that address the questions of lawfulness raised in their annual access filings.⁸ Accordingly, we decline to investigate the rates for the CMT basket and special access basket of the above price cap LECs and the ATS rates of all price cap LECs, and terminate these portions of the proceeding in CC Docket No. 00-122.

5. In addition, we reconsider on our own motion our decision to suspend and investigate the USF rates of Nevada Bell, Pacific, and Southwestern Bell. In the *2000 Annual Access Tariff Suspension Order*, we found that the USF charges imposed on switched access customers of Nevada Bell, Pacific, and Southwestern Bell appeared to be significantly higher than what was necessary to recover the companies' USF contributions associated with switched access service. Our review of the tariff filings indicated that these charges recover the companies' universal service contribution obligations associated with both their switched access and special access revenues. We believe that it is inappropriate for LECs to recover special access contribution obligations from switched access customers. The USF surcharge on switched access customers should recover only the USF contributions attributable to switched access revenues. On July 27, 2000, Nevada Bell, Pacific, and Southwestern Bell filed revisions to these USF rates in response to our concerns.⁹ Accordingly, we decline to investigate the USF rates of Nevada Bell, Pacific, and Southwestern Bell and terminate this portion of the proceeding in CC Docket No. 00-122.

⁴ *2000 Annual Access Tariff Suspension Order* at ¶ 5.

⁵ 47 C.F.R. § 61.48(l).

⁶ *2000 Annual Access Tariff Suspension Order* at ¶ 6.

⁷ See Appendix A for the relevant Tariff Transmittal Numbers.

⁸ See Appendix C for the Tariff Transmittal Numbers of the relevant July 27, 2000 filings.

⁹ See Transmittal Nos. 311, 9, and 2837/2838 filed by Nevada Bell, Pacific Bell, and Southwestern Bell, respectively.

III. ORDERING CLAUSES

6. Accordingly, IT IS ORDERED that, pursuant to Sections 0.91, 0.291, and 1.108 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.108, we reconsider on our own motion our decision in the *2000 Annual Access Tariff Suspension Order* to suspend and investigate the revised tariff rates for the traffic sensitive and trunking baskets filed by all price cap local exchange carriers, listed in Appendix A.

7. IT IS FURTHER ORDERED that, pursuant to Sections 0.91, 0.291, and 1.108 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.108, we reconsider on our own motion our decision in the *2000 Annual Access Tariff Suspension Order* to suspend and investigate the revised tariff rates for the CMT baskets filed by Ameritech Operating Companies, Citizens Telecommunications Companies, GTE System Telephone Companies, GTE Telephone Operating Companies, and Southwestern Bell Telephone Company.

8. IT IS FURTHER ORDERED that, pursuant to Sections 0.91, 0.291, and 1.108 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.108, we reconsider on our own motion our decision in the *2000 Annual Access Tariff Suspension Order* to suspend and investigate the revised tariff rates for the special access baskets of Ameritech Operating Companies, Bell Atlantic Telephone Companies, BellSouth Telecommunications, Inc., Frontier Telephone of Rochester, Inc., GTE System Telephone Companies, GTE Telephone Operating Companies, Iowa Telecommunications Services, Inc., Nevada Bell, Pacific Bell Telephone Company, Southern New England Telephone Co., Southwestern Bell Telephone Company, U S WEST Communications, Inc., and Valor Telecommunications Southwest.

9. IT IS FURTHER ORDERED that, pursuant to sections 0.91, 0.291, and 1.108 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.108, we reconsider on our own motion our decision in the *2000 Annual Access Tariff Suspension Order* to suspend and investigate the proposed universal service fund tariff rates of Nevada Bell, Pacific Bell Telephone Company, and Southwestern Bell Telephone Company.

10. IT IS FURTHER ORDERED that, pursuant to Sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, CC Docket No. 00-122, the investigation and accounting order imposed by the Common Carrier Bureau IS TERMINATED.

FEDERAL COMMUNICATIONS COMMISSION

Tamara L. Preiss
Acting Chief, Competitive Pricing Division
Common Carrier Bureau

APPENDIX A**FILINGS MADE BY PRICE CAP CARRIERS FOR ANNUAL ACCESS 2000****June 16, 2000**

Aliant Communications Company (Aliant)	Transmittal No. 33
Ameritech Operating Companies (Ameritech)	Transmittal No.1238
Bell Atlantic Telephone Companies (Bell Atlantic)	Transmittal No. 1304
BellSouth Telecommunications, Inc. (BellSouth)	Transmittal No. 550
Cincinnati Bell Telephone Company (Cincinnati Bell)	Transmittal No. 749
Citizens Telecommunications Companies (Citizens)	Transmittal No. 78
Frontier Communications of Minnesota and	
Frontier Communications of Iowa (Frontier of Minnesota and Iowa)	Transmittal No. 27
Frontier Telephone of Rochester, Inc. (Frontier of Rochester)	Transmittal No. 28
GTE System Telephone Companies (GSTC)	Transmittal No. 322
GTE Telephone Operating Companies (GTOC)	Transmittal No. 1261
Iowa Telecommunications Services, Inc. (Iowa Telecom)	Transmittal No. 1
Nevada Bell	Transmittal No. 308
Pacific Bell Telephone Company (Pacific)	Transmittal No. 6
Southern New England Telephone Co. (SNET)	Transmittal No. 747
Southwestern Bell Telephone Company (Southwestern Bell)	Transmittal No. 2831
Sprint Local Telephone Companies (Sprint)	Transmittal No. 117
Sprint Local Telephone Companies	Amended Trans. No. 117
U S WEST Communications, Inc. (U S WEST)	Transmittal No. 1081
Valor Telecommunications Southwest (Valor)	Concurs in GTOC Tariffs

June 19, 2000

Frontier Telephone of Rochester, Inc.	Transmittal No. 29
Nevada Bell	Amended Trans. No. 308
Pacific Bell	Amended Trans. No. 6
Southern New England Telephone Co.	Amended Trans. No. 747
U S WEST Communications, Inc.	Amended Trans. No. 1081

June 22, 2000

GTE Telephone Operating Companies	Amended Trans. No. 1261
U S WEST Communications, Inc.	2 nd Amended Trans No.1081

June 27, 2000

Bell Atlantic Telephone Companies	Transmittal No. 1307

June 28, 2000

Aliant Communications Company	Transmittal No. 34
Bell Atlantic Telephone Companies	Transmittal No. 1308
Frontier Communications of Minnesota	
and Frontier Communications of Iowa	Transmittal No. 28
Frontier Telephone of Rochester, Inc.	Transmittal No. 30

GTE Telephone Operating Companies
Sprint Local Telephone Companies
U S WEST Communications, Inc.

Transmittal No. 1262
Transmittal No. 119
Transmittal No. 1082

APPENDIX B**PETITIONS FILED AGAINST THE 2000 ANNUAL ACCESS TARIFF FILINGS**

AT&T Corp. (AT&T)
General Communication, Inc. (GCI)
Sprint Corporation (Sprint)
WorldCom, Inc. (WorldCom)

REPLIES FILED IN THE 2000 ANNUAL ACCESS TARIFF FILINGS

Aliant Communications Company
Bell Atlantic Telephone Companies
BellSouth Telecommunications, Inc.
GTE Telephone Operating Companies and GTE System Telephone Companies
Iowa Telecommunications Services, Inc.
National Exchange Carrier Association
Roseville Telephone Company
SBC Communications Inc.
U S West Communications, Inc. (U S West)

APPENDIX C**JULY 27, 2000 FILINGS MADE BY PRICE CAP CARRIERS FOR ANNUAL ACCESS 2000**

Aliant Communications Company	Transmittal No. 36
Ameritech Operating Companies	Transmittal No. 1242
Bell Atlantic Telephone Companies	Transmittal No. 1316
BellSouth Telecommunications, Inc.	Transmittal No. 558
Cincinnati Bell Telephone Company	Transmittal No. 752
Citizens Telecommunications Companies	Transmittal No. 80
Frontier Communications of Minnesota	
and Frontier Communications of Iowa	Transmittal No. 30
Frontier Telephone of Rochester, Inc.	Transmittal No. 32
GTE System Telephone Companies	Transmittal No. 1267
GTE Telephone Operating Companies	Transmittal No. 328
Iowa Telecommunications Services, Inc.	Transmittal No. 3
Nevada Bell	Transmittal No. 311
Pacific Bell Telephone Company	Transmittal No. 9
Southern New England Telephone Co.	Transmittal No. 749
Southwestern Bell Telephone Company	Transmittal Nos. 2837/2838
Sprint Local Telephone Companies	Transmittal No. 123
U S WEST Communications, Inc.	Transmittal No. 1092
Valor Telecommunications Southwest	Concurs in GTOC Tariffs